

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Columbus Southern Power Company )  
and Ohio Power Company to Establish ) Case No. 10-155-EL-RDR  
Environmental Investment Carrying )  
Costs Riders. )

FINDING AND ORDER

The Commission finds:

I. BACKGROUND

On March 18, 2009, the Commission issued its opinion and order in Columbus Southern Power Company's (CSP) and Ohio Power Company's (OP) (jointly, AEP-Ohio or the Companies) electric security plan (ESP) cases (ESP Order).<sup>1</sup> By entries on rehearing issued July 23, 2009 (First ESP EOR) and November 4, 2009 (Second ESP EOR), the Commission affirmed and clarified certain issues raised in AEP-Ohio's ESP Order. As ultimately modified and adopted by the Commission, AEP-Ohio's ESP directed, among other things, that AEP-Ohio be permitted to recover the incremental capital carrying costs that would be incurred after January 1, 2009, on past environmental investments (2001-2008).<sup>2</sup>

On February 8, 2010, AEP-Ohio filed its application to establish the environmental incremental carrying cost riders (EICCR). In the application, AEP-Ohio proposes that CSP's EICCR for 2009 be established at 4.31451 percent and OP's EICCR for 2009 be established at 4.18938 percent of the generation charges, excluding the FAC charges. In support of the proposed EICCR rates, the Companies filed schedules setting forth the monthly environmental capital additions that occurred in 2009. The Companies request recovery of the 2009 environmental carrying costs over an 18-month period. AEP-Ohio plans to file to adjust the EICCR during the first quarter of 2011 for environmental carrying costs incurred during 2010, and, during the first quarter of 2012, for environmental carrying costs incurred during 2011. The Companies also request that the updated rider rates commence with the first billing cycle in July 2010, to coincide with the effective date of the fuel adjustment clause (FAC) adjustment, as any increase associated

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1 In re AEP-Ohio ESP cases, Case Nos. 08-917-EL-SSO and 08-918-EL-SSO, Opinion and Order (March 18, 2009).

2 ESP Order at 24-28; First ESP EOR at 10-14.

with the EICCR riders are limited by the rate caps established in the ESP cases.<sup>3</sup> AEP-Ohio asserts that, because the EICCR riders were established in the ESP proceedings and the schedules attached to the application can be verified by Staff, a hearing is not necessary.

By entry issued April 8, 2010, a procedural schedule in this matter and two other AEP-Ohio rider proceedings was established. In the April 8, 2010 entry, interested persons were directed to file comments to this or the two other rider applications by April 30, 2010. Reply comments were due by May 10, 2010. The Office of the Ohio Consumers' Counsel (OCC) and Industrial Energy Users-Ohio (IEU-Ohio) filed motions to intervene in this case. The April 8, 2010 entry also granted OCC's and IEU-Ohio's motions to intervene.

Comments and/or reply comments were filed by IEU-Ohio, OCC, Staff and AEP-Ohio.

On May 14, 2010, AEP-Ohio filed a motion to submit additional reply comments in response to OCC's reply comments (Supplemental Reply Comments). AEP-Ohio contends that OCC addressed issues in its reply comments that should have been addressed in its initial comments. OCC filed a memorandum contra on June 1, 2010. In its memorandum contra, OCC admits that, in its reply comments, it provided a more complete analysis of its position on the EICCR application. OCC explains that, although AEP-Ohio provided timely discovery responses, OCC was not able to include its complete analysis of the application in the comments due to time restraints and the unavailability of certain OCC personnel. OCC had no objection to AEP-Ohio filing additional reply comments.

The Commission agrees that under the circumstances, AEP-Ohio's request to file additional reply comments is reasonable. Accordingly, AEP-Ohio's motion to file additional reply comments should be granted.

On July 21, 2010, AEP-Ohio filed a letter responding to Staff recommendations with updated exhibits to the EICCR application (AEP-Ohio Letter). In the letter, as discussed in greater detail below, AEP-Ohio agrees to certain Staff recommendations and requests that the updated EICCR rider be adopted.

By letter dated July 30, 2010, Staff agrees with the resolution of certain issues as proposed by AEP-Ohio, subject to certain observations and edits (Staff Letter). With the edits, Staff states that it has no issues remaining in the case that require an adjudicatory hearing. By letter docketed August 9, 2010, AEP-Ohio agrees with the Staff's observations and edits in Staff Letter (Second AEP-Ohio Letter).

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<sup>3</sup> On a total bill basis, rate increases are capped at 7 percent for CSP and 8 percent for OP in 2009, 6 percent for CSP and 7 percent for OP in 2010, and 6 percent for CSP and 8 percent for OP in 2011. ESP Order at 22; First ESP EOR at 8-9.

On August 9, 2010, OCC filed comments to AEP-Ohio Letter wherein OCC indicates that it does not object to AEP-Ohio's acceptance of specific Staff recommendations. OCC maintains its opposition to aspects of the carrying cost calculation. Further, OCC asserts that there are legal and factual issues regarding the propriety of a carrying charge on 2009 environmental investments such that the Commission should hold a hearing on the application. (Second OCC Reply Comments at 3-4.) AEP-Ohio filed additional reply comments to OCC's second reply comments on August 13, 2010.

## II. RECOMMENDATIONS AND COMMENTS

### A. IEU-Ohio's General Comments to AEP-Ohio Rider Cases<sup>4</sup>

In its comments to the application, IEU-Ohio argues that the Commission lacks subject matter jurisdiction. IEU-Ohio asserts that the Commission lost jurisdiction over AEP-Ohio's ESP, and all proceedings stemming from the ESP, including these rider proceedings, when the Commission failed to issue an order within 150 days of AEP-Ohio filing its ESP application. (IEU-Ohio Comments at 10-11; IEU-Ohio Reply at 2-3.) IEU-Ohio also argues that AEP-Ohio must accept the modified ESP and withdraw its appeal of the modified ESP (IEU-Ohio Comments at 11-14).

IEU-Ohio has raised these issues in other Commission proceedings, and, in each case, the Commission has rejected both arguments.<sup>5</sup> IEU-Ohio has raised no new arguments in this proceeding that the Commission has not previously considered in other cases and rejected. Accordingly, for the same reasons as stated in previous cases where the issues have been raised, the Commission again rejects IEU-Ohio's arguments.

IEU-Ohio also urges the Commission to reconsider the modified ESP to evaluate whether the ESP meets the goals set forth in Section 4928.02, Revised Code, and notes that Federal Energy Regulatory Commission Form 1 reveals that CSP's return on equity for 2009 was 20.82 percent versus 19.63 percent for 2008 (IEU-Ohio Comments at 5-6; IEU-Ohio Reply at 2-3).

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<sup>4</sup> IEU-Ohio filed the same comments to AEP-Ohio's rider applications in *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Update Each Company's Enhanced Service Reliability Rider*, Case No. 10-163-EL-RDR and *In the Matter of the Application of Columbus Southern Power Company to Update its gridSMART Rider*, Case No. 10-164-EL-RDR.

<sup>5</sup> *In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company to Adjust Their Economic Development Cost Recovery Rider Pursuant to Rule 4901:1-38-08(A)(5)*, Ohio Administrative Code, Case No. 10-154-EL-RDR, Entry on Rehearing (May 19, 2010); *In the Matter of the Fuel Adjustment Clauses for Columbus Southern Power Company and Ohio Power Company*, Case No. 09-872-EL-FAC, et al., Entry on Rehearing (March 24, 2010); and *In the Matter of the Application of Columbus Southern Power Company to Update its gridSMART Rider*, Case No. 10-164-EL-RDR, Finding and Order (August 11, 2010).

We reject IEU-Ohio's request to re-evaluate AEP-Ohio's Commission-modified and approved ESP in light of the companies' earnings. Pursuant to SB 221 the Commission will evaluate AEP-Ohio's ESP, as well as that of other electric utilities, to determine whether the plan produces significantly excessive earnings for the electric utilities as determined in *In the Matter of the Investigation into the Development of the Significantly Excessive Earnings Test Pursuant to Amended Substitute Senate Bill 221 for Electric Utilities*, Case No. 09-786-EL-UNC. For this reason, we find it unnecessary to explore the issue in this case. We also find IEU-Ohio's request to reconsider whether AEP-Ohio's ESP meets the goals of Section 4928.02, Revised Code, to be an untimely attempt to relitigate the Commission's decision in the ESP case. This is consistent with our determination in AEP-Ohio's other rider case.<sup>6</sup>

B. Staff Recommendations and Intervenor Comments

1. Environmental Investments

OCC argues that AEP-Ohio failed to include, as a part of the application, sufficient documentation to establish that the 2009 environmental investments are eligible for carrying cost recovery or to demonstrate the reasonableness of the investment. OCC notes that only project identification and cost numbers were provided in the application. OCC states that it is unable to determine from the filing whether the carrying charges that the Companies now seek to collect apply only to costs associated with compliance with new post-Rate Stabilization Plan (RSP) environmental requirements. (OCC Comments at 3-4.)

The Companies state that the application identifies each project as well as discloses the purpose for the investment including, precipitators, flue gas desulfurization, selective catalytic reduction, etc. Further, the Companies note that Staff conducted its investigation and did not recommend the disallowance of any of the projects included in the application. AEP-Ohio retorts that OCC does not explain how the Companies could have recovery of 2009 environmental investments carrying costs in rates and also argues that AEP-Ohio's rates do not include carrying costs on 2009 environmental investments. (AEP-Ohio Reply at 5-6.)

OCC claims that American Electric Power Service Corporation (AEPSC) entered into a Consent Decree with the U. S. Environmental Protection Agency (EPA) involving power units in Ohio to settle various Notices of Violations filed between November 3, 1999 and September 17, 2004.<sup>7</sup> In the settlement, OCC asserts that AEPSC agreed to system-wide annual limitations on nitrogen oxide and sulfur dioxide emissions, to installation of

<sup>6</sup> *In the Matter of the Application of Columbus Southern Power Company to Update its gridSMART Rider*, Case No. 10-164-EL-RDR, Finding and Order at 4 (August 11, 2010).

<sup>7</sup> *U.S. v. American Electric Power Service Corp.*, Civil Action No. C2-99-1250 (S.D. Ohio December 7, 2007).

nitrogen oxide and sulfur dioxide control equipment at specified power units and to restrictions on use and surrender of nitrogen oxide and sulfur dioxide Clean Air Interstate Rule (CAIR) allowances. According to OCC, the Consent Decree allowed AEPSC to use CAIR allowances to pay stipulated penalties. OCC notes that AEP-Ohio identified projects included on CSP's and OP's Schedule 2 that involved environmental investments resulting from the Consent Decree, at least in part, and from the CAIR regulations.<sup>8</sup> OCC argues that the Companies should not be allowed to collect the carrying costs that come from environmental investments required for compliance with the Consent Decree and that the investment costs for these items should be deducted from the EICCR rider calculation. (OCC at 4-6; OCC Reply at 4-8.)

The Companies argue that OCC mischaracterizes the discovery response on which it bases these claims as AEP-Ohio installed the project to comply with both the Consent Decree and CAIR. AEP-Ohio states that it entered into the Consent Decree voluntarily without adjudication to settle the plaintiff's claims. This resulted in lowering the emissions from its generating plants, consistent with CAIR requirements, in a least-cost manner. The Companies contend that inclusion of the environmental investments required by the Consent Decree is appropriate since the costs are associated with pollution control projects that benefit the environment and are in compliance with costs that arise from CAIR, as well as the Consent Decree and, in some instances, were installed before the Companies entered into the Consent Decree. AEP-Ohio also argues that OCC overlooks that the specific provisions of the Consent Decree separate the specific pollution control retrofit requirements from the civil penalties. Based on that fact, AEP-Ohio claims that technology retrofits are not penalties but were included as part of the conditions to reach a settlement. The Companies deny that any portion of the \$15 million civil penalty agreed to in the Consent Decree is included in the application. AEP-Ohio retorts that OCC's arguments regarding the Consent Decree are unfounded and should be rejected. (AEP-Ohio Reply at 6-7; AEP-Ohio Suppl. Reply at 3-4.)

The Commission recognizes that the environmental facilities may achieve the dual purpose of meeting the requirements of the Consent Decree and CAIR. We are comfortable, based on Staff's investigation of this application, that no civil penalty included in the Consent Decree is reflected in this EICCR rider application. OCC essentially requests that, where environmental projects in the Companies' application evolve from, in OCC's opinion, the Consent Decree, the request for any associated carrying costs be denied. We decline to prohibit the recovery of such costs where the environmental project meets the requirements of CAIR or both CAIR and the Consent Decree. The goal of CAIR is to reduce nitrogen oxide and sulfur dioxide emissions in Ohio and the region, which is a benefit to the health of all Ohioans. We note that, as a part of its investigation, the Staff did not recommend that the expenses of any project be denied. For

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<sup>8</sup> AEP-Ohio Response to OCC Interrogatory No. 35.

these reasons, the Commission finds it just and reasonable for the Companies to recover the incremental carrying costs on the environmental projects presented in the application.

Staff notes that, during the course of its review of the application, AEP-Ohio advised the Staff that a work order in the amount of \$317,301 for Conesville Unit 5 scrubber should have been included for CSP and that a work order for Cook Coal in the amount of \$2,097,059 should be excluded for OP. Staff reviewed the work orders and recommends that CSP's Schedule 2 be increased and that OP's Schedule 2 be reduced, accordingly. AEP-Ohio accepts these Staff recommendations and OCC does not object to the addition for the Conesville Unit 5 for CSP, and the exclusion for the Cook Coal investment for OP. (Staff Comments at 2-3; Second OCC Reply Comments at 1.) The Commission finds these adjustments to be an appropriate correction to the application.

## 2. Carrying Charge

### a. Calculation Method

IEU-Ohio and OCC argue that AEP-Ohio's EICCR application seeks to recover carrying costs associated with 2009 environmental investments based on monthly accruals as opposed to a single, end-of-year calculation as presented in the ESP case or one-half year as presented in CSP's gridSMART application.<sup>9</sup> OCC and IEU-Ohio argue that the monthly carrying cost amounts cause monthly compounding and increase the carrying costs for 2009 environmental investments. (IEU-Ohio Comments at 7; IEU-Ohio Reply Comments at 3-4; OCC Comments at 8-9.)

AEP-Ohio asserts that IEU-Ohio and OCC fail to recognize that in the ESP case, the Companies were attempting to calculate the carrying costs going forward for environmental investments made 2001 through 2008. Therefore, according to AEP-Ohio, there was no need to perform a monthly carrying cost calculation. In this case, AEP-Ohio explains that the Companies are calculating the carrying costs incurred in 2009 in association with the incremental 2009 environmental investment. Accordingly, AEP-Ohio reasons that performing the carrying cost calculation on a monthly basis is appropriate. (AEP-Ohio Reply at 3-4.) IEU-Ohio contends that the method proposed in the EICCR application is not the same carrying cost method the Commission approved in the modified ESP. In this application, AEP-Ohio proposes calculating the carrying costs associated with environmental investments on a monthly basis as opposed to a single end-of-year calculation. IEU-Ohio claims that this method unreasonable increases the carrying costs. (IEU-Ohio Comments at 7.)

The Commission recognizes, as AEP-Ohio asserts, that in the ESP cases the Companies were calculating the carrying costs going forward for past environmental

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<sup>9</sup> In re CSP gridSMART Case, Case No. 10-164-EL-RDR.

investments. AEP-Ohio based its annual capital carrying cost calculation in the ESP cases for 2009 - 2011 on annual estimates of environmental capital additions and utilized the one-half year convention to determine an average annual carrying costs (Cos. Ex. 7). Staff agrees with the process used to calculate the carrying costs in this case. In this application, the Commission finds AEP-Ohio's calculation of the carrying costs on a monthly basis is appropriate.

b. Carrying Cost Rate

The revenue requirement rate consists of four components: (1) a rate of return factor; (2) a depreciation expense factor; (3) a federal income tax (FIT) factor; and (4) a combined property tax and administrative and general (A&G) factor.

(1) Rate of Return Factor

IEU-Ohio and OCC argue that AEP-Ohio unreasonably uses a carrying cost rate of 13.98 percent for OP and 14.94 percent for CSP. IEU-Ohio urges the Commission to reject AEP-Ohio's proposed carrying cost rate or limit the return on the investment to the average debt rate of 5.71 percent for OP and 5.73 percent for CSP. IEU-Ohio asserts that a debt-related interest rate is more appropriate than the weighted cost of debt and equity since the carrying costs associated with the ESP period investments will be recovered through a non-bypassable rider over a seven-year period once the current ESP ends and also would be consistent with recent Commission decisions.<sup>10</sup> (IEU-Ohio Comments at 8-9.)

OCC notes that the rate used by AEP-Ohio in the EICCR application is the same rate allowed for environmental carrying costs approved in the modified ESP. However, OCC interprets the ESP Order to be limited to recovery of incremental carrying costs incurred after January 1, 2009 that are not reflected in the Companies' existing rates, as contemplated in AEP-Ohio's ESP.<sup>11</sup> OCC argues that the carrying charge rate approved in the ESP is inappropriate in this case. OCC reasons that, in this proceeding, the carrying charges are for one year's incremental environmental investments, and the collection period requested is 18 months. On that basis, OCC requests that the carrying charge rate be based on the short-term actual cost of debt, excluding equity. (OCC Comments at 6-7.) OCC suggests that a reasonable capital structure for environmental investment for CSP and OP should be 50 percent debt (at a cost rate of 5.71-5.73 percent), 25 percent equity (at a cost rate of 10.50 percent), and 25 percent low-cost tax-exempt public funding (at an

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<sup>10</sup> *In the Matter of the Application of Ohio Edison Company, The Cleveland Electric Illuminating Company, and Toledo Edison Company for Authority to Increase Rates for Distribution Service, Modify Certain Accounting Practices, and for Tariff Approvals*, Case Nos. 07-551-EL-AIR, et al., Opinion and Order at 10 (January 21, 2009).

<sup>11</sup> AEP-Ohio ESP Order at 28.

estimated cost rate of 3.5 percent). Based on OCC's proposed capital structure and cost rates, the return component of the annual carrying charge should be adjusted to 6.36 percent. (OCC Reply at 9-10.)

OCC also argues that AEP-Ohio has failed to establish, as it is AEP-Ohio's burden to demonstrate, that low-cost, special financing was not available for environmental or pollution control investments for 2009. Further, OCC surmises that, if no low cost special financing was available, then the average cost of short-term debt actually incurred by the Companies should be used for the carrying cost rate because there is no deferral on the recovery of the annual carrying costs associated with any environmental investments made in 2009 and later years in the ESP period. (OCC Comments at 7-8.)

AEP-Ohio reasons that the applicable carrying cost rate in this proceeding is the rate for environmental plant and, therefore, the appropriate carrying cost rate is that approved by the Commission in the ESP cases for the environmental investments made 2001-2008. There is no basis to distinguish the environmental carrying cost rate in this case from the appropriate carrying cost to be applied to environmental investments made during the ESP period 2009 through 2011. AEP-Ohio states that the cost of carrying these investments continues for the life of the investment and, for that reason, is not appropriate for short-term financing. Therefore, the rate for short-term debt or the average cost of debt, as recommended by IEU-Ohio and OCC, is not applicable in this proceeding. (AEP-Ohio Reply Comments at 4.)

## (2) Depreciation Factor

Staff did not include in its comments any observation or recommendations regarding the depreciation factor nor did any other party to the proceeding make a comment on the depreciation factor.

## (3) FIT factor

No party to this proceeding made any comments nor any recommendations regarding the FIT factor used in the carrying cost calculation.

## (4) Property Taxes and A&G factor

Staff notes that, according to Ohio law, certified pollution control facilities are exempt from personal property taxes. AEP-Ohio provided Staff with information relative to the environmental facilities subject to property taxes and those exempt from property taxes. With this information, Staff determined that the carrying charge rate for property taxes should be adjusted and recommends that the carrying cost rate be decreased to 13.31 percent for CSP and to 13.14 percent for OP. OCC agrees with Staff's recommended



reduction in the carrying charge rate to appropriately reflect that certified pollution control facilities are exempt from personal property taxes and that personal property taxes on such facilities should not be included in the rider rates. However, OCC argues that the Companies did not provide supporting documentation for the A&G expenses and, therefore, that component of the annual carrying charge should be excluded from recovery. (Staff Comments at 3; Second OCC Reply Comments at 3-4; OCC Reply at 10; OCC Comments at 8.)

AEP-Ohio agrees to revise the carrying cost calculation to use the same FIT factor, property taxes and A&G factor approved by the Commission in the company's ESP case, except with a correction to the property tax component to correctly reflect that most certified environmental facilities are exempt from personal property taxes, as the Staff recommends (AEP-Ohio Letter at 1). Staff agrees with CSP's proposed resolution of the issues raised with regard to the calculation of carrying costs (Staff Letter at 1-2).

c. Revenue Requirement

Overall, Staff recommends that AEP-Ohio's total revenue requirement be reduced from \$28,277,000 to \$26,004,000 for CSP and from \$36,635,000 to \$33,899,000 for OP, ultimately decreasing CSP's EICCR from 4.131451 percent to 3.83218 percent and OP's EICCR from 4.18938 percent to 3.87650 percent on non-FAC generation charges (Staff Comments at 3).

Based on the Staff's recommendations and OCC's proposed adjustments, OCC advocates that the annual carrying charge should be 10.32 percent for CSP and 10.34 percent for OP. OCC's carrying charge for the Companies is based on a return of 6.36 percent, a depreciation rate of 2.23 percent, a federal income tax rate of 1.64 percent, and a property tax and general and administrative expense rate of 0.09 percent. Thus, OCC advocates that, with carrying charges and end-of-year-compounding, the EICCRs can be lowered to 0.40094 percent as opposed to 4.131451 percent for CSP for non-FAC revenue, and reduced to 1.14376 percent as opposed to 4.18938 percent for OP for non-FAC revenue. (OCC Reply at 10-11.)

IEU-Ohio and OCC assert that, based on the comments, AEP-Ohio's EICCR rider application may be unlawful and unreasonable and request that the Commission schedule the matter for hearing.

At the time the Companies filed its reply comments, the Companies advocated that CSP's proposed EICCR rate at 3.83218 percent on non-FAC generation charges and to set OP's proposed EICCR rate at 3.87650 percent on non-FAC generation charges (AEP-Ohio Reply at 2). AEP-Ohio agrees to revise the carrying cost calculation in its application to use the same WACC, debt/equity ratio, depreciation factor and FIT factor, property taxes and A&G factor approved in its ESP cases. The Companies also agree to revise the

property tax component to reflect, as Staff recommends, that some of the 2009 certified pollution control facilities are exempt from personal property taxes. (AEP-Ohio Letter at 1.)

Ultimately, AEP-Ohio agrees to revise its position consistent with Staff's recommendation on the carrying cost calculation. Pursuant to the Companies' acceptance of the Staff recommendation, the carrying cost rate for CSP on Schedule 1 should be 13.59 percent and OP Schedule 1 should be 13.34 percent. (AEP-Ohio Letter at 1-2; Second AEP-Ohio Letter at 1.)

The Commission finds that sufficient information has been presented in the updated application and supporting exhibits for the parties to evaluate the environmental investments at issue. After considering the application and updates, the comments, and positions of the parties to this case, the Commission finds that the application, as updated, does not appear to be unjust or unreasonable and, therefore, concludes that a hearing on the application is not necessary.

The Commission finds AEP-Ohio's and Staff's agreement to revise the carrying cost calculation to be a reasonable resolution of the concerns raised by all parties to the proceeding. As part of AEP-Ohio's ESP cases, the Commission evaluated and approved each component of the carrying cost rate, including the A&G component, for the Companies' environmental investments.<sup>12</sup> In the ESP case, the Commission considered and rejected the arguments presented regarding the A&G component of the carrying cost calculation and incorporating the short-term cost of debt or other special financing into the carrying cost calculation. Ultimately, in the ESP cases, the Commission concluded that using the WACC was appropriate for the environmental investments and consistent with the Commission's decision in the Companies' previous cases.

The carrying cost in the ESP case is the most recent approved for AEP-Ohio. While we are mindful that using the most recent approved carrying cost rate increases the carrying charges, as OCC notes, it is the Commission's practice in subsequent proceedings to use the most recently approved carrying cost rate. Accordingly, we find it reasonable and appropriate to use the carrying cost rate approved in the Companies' ESP cases in this application, except as to the amendments recommended by Staff and agreed to by AEP-Ohio and OCC, to correct the property tax component. For these reasons, the Commission finds that the issues raised regarding the carrying cost calculation for the Companies' EICCR rider have been adequately and reasonably addressed. AEP-Ohio is directed to revise its rider rates, consistent with the Commission's decision in this finding and order, and file revised tariffs.

It is, therefore,

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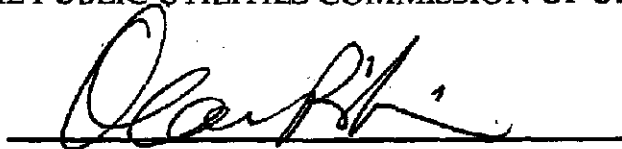
<sup>12</sup> In re AEP-Ohio ESP Order at 24-28; First ESP-EOR at 11-13.

ORDERED, That AEP-Ohio's motion to file additional reply comments be granted. It is, further,

ORDERED, That AEP-Ohio is directed to revise the EICCR rates and file tariffs consistent with this finding and order. It is, further,

ORDERED, That a copy of this finding and order be served upon all persons of record in this case.

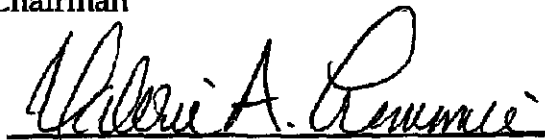
THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman



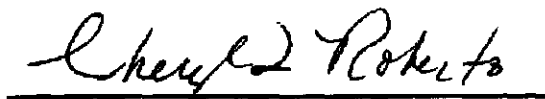
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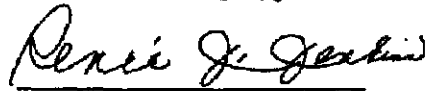


Cheryl L. Roberto

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Entered in the Journal

**AUG 25 2010**



Renee J. Jenkins  
Secretary

BEFORE

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Columbus Southern Power Company	)	
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Environmental Investment Carrying	)	
Costs Riders.	)	

CONCURRING OPINION OF COMMISSIONER CHERYL L. ROBERTO

I concur in the result of this matter only. I continue to disagree with the conclusion that these costs are appropriately recovered absent a showing that they were prudently incurred. See, *In re AE-Ohio ESP Cases*, Case Nos. 08-917-EL-SSO and 08-918-EL-SSO, Entry on Rehearing (July 23, 2009) (Roberto, Concurring). Despite my misgivings, I find that the EICCR is consistent with the Commission-approved ESP, which, as my prior concurrence indicated, I agree is more favorable in the aggregate than what would be expected under an MRO.



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Cheryl L. Roberto, Commissioner